

Internal Revenue Service

Department of the Treasury
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LEGEND:

Taxpayer:

Intermediate:

Parent:

Plant:

Location:

Commission A:

Commission B:

Date 1:

Date 2:

Date 3:

a:

b:

c:

d:

e:

f:

Dear :

This letter responds to your request, dated , for a letter ruling confirming that Taxpayer may rely upon a revised schedule of ruling amounts issued on Date 1 under § 468A(d) of the Internal Revenue Code.

Taxpayer represents the facts and information relating to its request as follows:

Taxpayer is wholly owned by Intermediate, which is wholly owned by Parent. Parent files a consolidated return for the affiliated group which includes Taxpayer, Intermediate, and Parent. Taxpayer has a direct ownership interest in the Plant of a%, and the Plant is situated at Location. The Plant was shut down on Date 2, and decommissioning operations are expected to begin after Date 3.

Taxpayer is under the jurisdiction of Commission A (b%) and Commission B (c%). There is no change in the amounts to be included in the cost of service as determined by Commission A and B and those amounts are included here for completeness. There are no proceedings pending before either Commission A or B that may result in a change to the amount of decommissioning costs for the Plant to be included in the Taxpayer's cost of service for ratemaking purposes.

On Date 1, Taxpayer was granted a revised schedule of ruling amounts because there was a substantial variation in the ruling amount as determined under a formula. The Date 1 revised schedule of ruling amounts applied to the d-e taxable years, and contained a provision that payments made to the nuclear decommissioning reserve fund (Fund) can only qualify under § 468A to the extent that the payments do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the tax year (caveat). This caveat was applicable to the d-e taxable years.

Prior to the Energy Tax Incentives Act of 2005 (P.L. 109-58), § 468A(b) provided that the amounts that a Taxpayer may pay into a Fund for any taxable year could not exceed the lesser of the amount of nuclear decommissioning costs allocable to the Fund which is included in the taxpayer's cost of service for ratemaking purposes for the tax year or the ruling amount applicable to the taxable year.

For taxable years beginning after December 31, 2005, § 468A(b) provides that the amount which a taxpayer may pay into the Fund for any taxable year shall not exceed the ruling amount applicable to the taxable year. In accordance with § 468A(b), Taxpayer may rely of the schedule reprinted below for the f-e taxable years without regard to the caveat contained in the Date 1 revised schedule of ruling amounts. We reprint the schedule of ruling amounts for the f-e taxable years, as provided to Taxpayer on Date 1, for completeness.

<u>YEAR</u>	<u>COMMISSION A</u>	<u>COMMISSION B</u>	<u>TOTAL</u>

The mandatory review date for this matter remains the same based on the issuance date of the prior schedule of ruling amounts (Date 1). If any of the events

described in § 1.468A-3T(f)(1) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Generally, the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective. When no such event occurs, the Taxpayer must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline of the tenth taxable year following the close of the tax year in which the most recent schedule of ruling amounts was received. If the taxpayer calculated its most recent schedule of ruling amounts on any basis other than an order issued by a public utility commission, the taxpayer must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline date for the 5th taxable year that begins after the taxable year in which the most recent schedule of ruling amounts was received. Any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year must file a request for a revised schedule on or before the earlier of the deemed payment deadline for the 5th taxable year that begins after its taxable year in which the most recent formula or method was approved or the deemed payment deadline for the first taxable year that begins after a taxable year in which there is a substantial variation in the ruling amount determined under the most recent formula or method.

Except as expressly determined above, no opinion is expressed or implied concerning the Federal income tax consequences of the transaction described above.

This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent. In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative. We are also sending a copy of this letter ruling to the Director. Pursuant to § 1.468A-7T(a), a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax return for each tax year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely,

Peter C. Friedman
Senior Technician Reviewer, Branch 6
(Passthroughs & Special Industries)

cc: